

Message Text

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ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 EURE-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 SS-15

NSC-10 NEA-10 L-03 PA-03 PRS-01 USIA-12 AF-10 EA-11

ARA-11 OIC-04 RSR-01 /213 W
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P R 111235 Z MAY 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 8697

INFO USMISSION EC BRUSSELS PRIORITY

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY BONN

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E. O. 11652: N/ A

TAGS: ETRD, US, EEC, IT

SUBJECT: EC MEDITERRANEAN POLICY: ITALIAN SUBMISSION ON
AGRICLTURAL CONCESSIONS

PASS AGRICULTURE, STR

REFERENCE: A) EC BRUSSELS 2551; B) ROME 3501; C) ROME 2971

1. BEGIN SUMMARY: ITALY SEEMS PPREPARED ACCEPT EC PREFERENTIAL
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CONCESSIONS ON CITRUS AND OTHER AGRICULTURAL PRODUCTS IN MEDITERRANEAN CONTEXT IF IT CAN BE SURE THROUGH EUROPEAN COMMUNITY PROGRAM OF SELLING ITS COMPETITIVE PRODUCTS. PROPOSAL TO BE PRESENTED TO MAY 14-15 EC COUNCILS WHICH WILL ALSO DISCUSS OTHER MATTERS OF INTEREST TO US AND ITALY. END SUMMARY.

2. AGRICULTURE AND FOREIGN MINISTRY SOURCES CONFIRM THAT ITALIAN AGMIN NATALI WILL SUBMIT MEMORANDUM ON AGRICULTURAL CONCESSIONS IN EC MEDITERRANEAN ARRANGEMENTS ON MORNING MAY 15 TO WHAT IS EXPECTED BE JOINT MEETING OF EC AGRICULTURAL AND FOREIGN MINISTERS. DETAILS ARE SKETCHY AND EVEN CONTRADICTORY AND OUR SOURCES INDICATE THAT FINAL DRAFT NOT YET COMPLETED. FOLLOWING SHOULD BE HELD CLOSELY UNTIL PRESENTATION MADE TO EC COUNCIL.

3. MFA SOURCE INDICATED THAT ITALY WILL AGREE THAT EC SHOULD OFFER PREFERENCES ON CITRUS AND PRESUMABLY OTHER AGRICULTURAL CONCESSIONS TO SPAIN, ISRAEL, AND NORTH AFRICAN COUNTRIES. IN CASE OF MAGHREB 80 PERCENT PREFERENCE MENTIONED WHILE FOR SPAIN AND ISRAEL EC COMMISSION PROPOSAL OF 60 PERCENT APPARENTLY ACCEPTABLE TO GOI. PRIVILEGED POSITION FOR ITALIAN CITRUS IN ENLARGED EC WOULD BE MAINTAINED BY USE OF "PENETRATION PRICES" SO THAT ITALIAN CITRUS WOULD BE SUBSIDIZED FROM FEOPA TO EXTEND NECESSARY MAINTAIN PRICE MARGIN BETWEEN ITALIAN EXPORT PRICES AND IMPORT PRICES FROM PREFERENTIAL SUPPLIERS. BOTH MFA AND MINAG SOURCES CLAIMED THAT TO THEIR KNOWLEDGE NO NEW BARRIERS WOULD BE RAISED AGAINST IMPORTS INTO ITALY OF GRAPEFRUIT. SOURCES DESCRIBED PROPOSAL AS ITALIAN EFFORT SHARE "BURDEN" OF GRANTING ENTRY TO MEDITERRANEAN CITRUS WITH OTHER MEMBER STATES WHICH THROUGH FEOPA WOULD HELP OFFSET COST TO ITALY.

4. MINAG AND PRESIDENT OF SUPERIOR AGRICULTURAL COUNCIL, AS WELL AS PRESIDENT CONFAGIOLTURA GAVE US DESCRIPTION PROPOSALS ALONG ABOVE LINES, EMPHASIZING THAT INTENT WOULD BE TO SEEK DIRECT SUPPORT FOR ITALIAN EXPORTS WITHIN EC THROUGH FEOPA. HOWEVER, CONTRARY TO MFA, MINAG SOURCES SPOKE OF MFN TREATMENT TO ALL THIRD COUNTRIES. SOURCES EMPHASIZED THAT PRESENT PHYTOSANITARY REGULATIONS SUFFICIENT TO KEEP FOREIGN CITRUS OUT OF ITALIAN MARKET WITH THE EXCEPTION PRESENTLY GRANTED TO GRAPEFRUIT. EMBOFFS EMPHASIZED SOUND BASIS FOR COOPERATION BETWEEN US AND ITALIAN CITRUS INTERESTS BOTH IN JUICE AND FRESH FRUIT MARKETING TO BENEFIT OF BOTH PARTIES. WHILE SOURCES EXPRESSED DEFINITE BASIC INTEREST LIMITED OFFICIAL USE

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IN EVENTUAL COOPERATIVE PROGRAM AS RECENTLY DISCUSSED BY SUNKIST REPRESENTATIVES WITH ITALIAN INTERESTED PARTIES, FOR POLITICAL REASONS AND TAKING INTO ACCOUNT SENSITIVITY OF SICILIANS ON CITRUS MATTERS, THEY SAW NO CHANCE AT THIS TIME OF OPENING ITALIAN MARKET

TO US SUMMER ORANGES.

5. COMMENT: EMBOFFS HAVE AGAIN REITERATED IMPORTANCE OF CITRUS TO US BOTH AS IMPORTANT EXPORT AND BECAUSE OF DOMESTIC POLITICAL CONSIDERATIONS. EMBASSY BELIEVES, HOWEVER, WE SHOULD STUDY NATALI MEMO CAREFULLY BEFORE DECIDING WHAT FURTHER ACTION SHOULD BE TAKEN.

END COMMENT.

6. GOI SOURCES EXPECT NO EC ACTION ON NATALI MEMO MAY 15 EXCEPT FOR REFERRAL TO GOVERNMENTS FOR STUDY. THEY ALSO EXPECT NO DECISIONS ON MED POLICY AT MAY 14-15 MEETING NOTING THAT FINANCIAL/ TECHNICAL COOPERATION PROPOSAL STILL AWAITED FROM COMMISSION AND HAS BECOME TIED TO OVERALL EC POLICY TOWARD LDCS.

7. GOI FIELDING STRONG DEL FOR MAY 14-15 COUNCIL MEETGS WITH AGMIN NATALI, HIS PRINCIPAL ADVISOR DI CHIO, FOR MIN MEDICI, MFA DIRECTORS GENERAL GUAZZARONI (ECONOMIC AFFAIRS) AND DUCCI (POLITICAL AFFAIRS) ALL GOING TO BRUSSELS.

8. ON OTHER SUBJECTS AT NEXT WEEK'S COUNCIL MEETING MFA SOURCE SAID GOI WILL FAVOR EXTENSION BENEFICIARY STATUS UNDER EC GENERALIZED PREFERENCES TO ROMANIA, TURKEY AND ESPECIALLY MALTA. (FOR LATTER, ITALIAN SUPPORT PROMISED PM MINTOFF DURING HIS RECENT VISIT ROME.)

9. SOURCE CONFIRMED MAY 9 FINANCIAL TIMES ARTICLE THAT PROCESSED FRUITS AND VEGETABLE WOULD BE DISCUSSED. HE PLACED EMPHASIS ON ITALIAN INTEREST IN EC SUBSIDIES TO PROCESSORS AND SEEMED TO PLAY DOWN MINIMUM IMPORT PRICE SYSTEM. EMBOFF REMINDED MFA OFFICIAL THAT WE HAD DURING MARCH CLEARLY MADE OUR VIEWS KNOWN TO THE COMMISSION AND THE GOI RE THE PROPOSED MINIMUM IMPORT PRICE SYSTEM (STATE 46171; ROME 2083). VOLPE

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